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REVIEW OF THE IMPLEMENTATION OF THE CONVENTION AND OF DECISIONS OF THE FIRST SESSION OF THE CONFERENCE OF THE PARTIES

ACTIVITIES IMPLEMENTED JOINTLY: ANNUAL REVIEW OF PROGRESS UNDER THE PILOT PHASE

Progress report on activities implemented jointly*

Note by the secretariat

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* All tables referred to in this document are contained in document FCCC/CP/1996/14/Add.1.

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** See document FCCC/CP/1996/14/Add.1

I. INTRODUCTION

A. Mandate and background

1. The Conference of the Parties, at its first session (COP 1), by its decision 5/CP.1,* decided to established a pilot phase for activities implemented jointly (AIJ). The criteria for such activities and the principles governing the pilot phase were defined in the same decision.

2. By its decision 5/CP.1, paragraph 2 (a), the Conference decided that a framework for reporting on AIJ under the pilot phase should be established by the Subsidiary Body for Scientific and Technological Advice (SBSTA), in coordination with the Subsidiary Body for Implementation (SBI).

3. The SBSTA, at its first session, considered the issue and requested the secretariat to prepare proposals on a reporting framework, taking into consideration views expressed by Parties and experience gained in activities implemented jointly, for consideration at its future sessions (FCCC/SBSTA/1995/3, para. 31 (b)).

4. In conjunction with the first session of the subsidiary bodies, a technical panel discussion was organized by the secretariat as a side event. It was well attended and was considered to be a useful opportunity to exchange views on AIJ.

5. At its second session, the SBSTA considered two documents containing views by Parties (FCCC/SBSTA/1995/MISC.1, FCCC/SBSTA/1996/MISC.1) and a note by the secretariat (FCCC/SBSTA/1996/5).

6. At this session, the SBSTA adopted an initial reporting framework on AIJ during the pilot phase, and decided to compile and synthesize, in cooperation with the SBI, and with the assistance of the secretariat, information transmitted by the Parties in the form of a report to be considered annually by the Conference of the Parties (COP), and, based on this information, to develop suggestions for improving the initial reporting framework and for addressing methodological issues, as necessary. Furthermore, the SBSTA invited Parties to identify the relevant governmental authority or ministry authorized to accept, approve or endorse activities implemented jointly and to report them to the COP through the secretariat (FCCC/SBSTA/1996/8, para. 76).

7. At its second session, the SBI took note of the SBSTA decision and requested the secretariat to prepare a progress report on activities implemented jointly for its next session to be held immediately prior to COP 2. Delegations were invited to submit information to

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* For decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

the secretariat in accordance with the SBSTA decision for inclusion in the report by 1 April 1996 (FCCC/SBI/1996/9).

B. Scope of this document

8. The present document is the progress report submitted in response to this request by the SBI, and is intended to assist the SBSTA in preparing, in coordination with the SBI, the first annual report for consideration by the COP at its second session. The report contains information on projects undertaken through AIJ, on the reporting process itself, and on national AIJ programmes. The document further contains a section responding to the request of the SBSTA that suggestions for improving the reporting framework and resolving methodological issues be developed. This section includes a proposal for a work programme which is intended to deal with these issues.

9. The SBSTA and the SBI may decide to utilize information contained in this progress report for the preparation of their report to the COP. The subsidiary bodies may wish to provide feedback to the secretariat on the structure and presentation of the present progress report. Decisions could also be made with respect to the proposals contained in paragraph 19 on the adoption of a unified reporting format and in paragraphs 25-35 on a proposed work plan.

II. INFORMATION ON AIJ PROJECTS

10. In adopting the initial reporting framework, the SBSTA specified that "each national Government of Parties involved in activities implemented jointly should report separately to the COP through the secretariat on a project-by-project basis, unless participating Parties agree on a common report on a particular project". The SBSTA went on to state: "If the Parties choose not to report jointly, the secretariat will not process information on that project until reports on that project from all Parties concerned, particularly developing country Parties, are transmitted to the secretariat" (FCCC/SBSTA/1996/8, annex IV).

11. In response to the adoption by the SBSTA of the reporting framework for activities implemented jointly under the pilot phase, and the invitation to Parties to submit reports on these activities, reports were received from six Parties (Australia, Canada, Germany, Netherlands, Norway, United States of America). It should be noted that the time allowed for submissions in order for the information contained in them to be included in the present report was quite short, and therefore not all Parties with current AIJ efforts were able to meet the deadline. Of the Parties which did submit reports, Canada reported on the development of its AIJ programme and project selection criteria, while the other Parties reported both on their programmes and on specific projects.

12. Two projects were reported jointly, one by Hungary and the Netherlands, another by Mexico and Norway. No separate reports were received from countries hosting AIJ projects,

although letters were forwarded to the secretariat from four host country Parties, agreeing with the project reports as presented by the reporting Party. Therefore much of the country and project-specific information presented in this report should be regarded as tentative and preliminary, and as subject to subsequent confirmation. At this time the secretariat has compiled this information primarily for the purpose of presenting a prototype report in order to comply with the SBSTA's request that such a report be prepared, and in order to invite comment and guidance on the structure and presentation of the progress report itself. Table 1* in the addendum to the present note (FCCC/CP/1996/14/Add.1) identifies all of the country partners and projects which are the subject of this report.

13. Thirty-two projects were described, of which 13 were ongoing and 17 were in the planning stage, while two descriptions did not indicate clearly the implementation status of the projects; projects were reported to be in 17 countries or regions. Reported non-governmental project participants were most frequently energy providers, with some additional industry participation, as well as participation by research organizations and environmental non-governmental organizations. Projects reported may be classified in accordance with the sectors identified by the IPCC as follows: five in energy efficiency, twelve in renewable energy, five in fuel switching, five in forest preservation, restoration or reforestation, four in afforestation, and one in fugitive gas capture (see table 2). No projects on emissions from industrial processes, solvents, agriculture, waste disposal or bunker fuels were reported.

14. Projects are being carried out or have been proposed in a variety of non-Annex II countries and regions, including Belize, Bhutan, Costa Rica, the Czech Republic, Ecuador, Honduras, Hungary, Indonesia, Jordan, Latvia, Mexico, Nicaragua, Poland, Portugal, the Russian Federation, Uganda, and the South Pacific region.

15. With respect to the coverage of all relevant sources, sinks and reservoirs of greenhouse gases, projects reported related primarily to CO_2, with a limited emphasis on CH_4 and precursors. There was no consistent approach among reporting Parties to projecting emission reductions. Reductions were reported variously, on an annual basis both with and without project lifetimes, and on a total project basis with reductions spread over varying project lifetimes. Based on the information provided, a limited number of cautious statements can be made about the effectiveness of the reported AIJ projects. Where it is possible to determine the project lifetime and total emission reductions from the submitted reports, it appears that at least 42,000 gigagrams of carbon will be removed from the atmosphere over the next 120 years by the reported projects. Aggregating reported annual emission reductions where no project lifetime was reported with reductions which were reported as total reductions over a project lifetime leads to the conclusion that in an average hypothetical year approximately 1900 gigagrams of carbon will be removed from the atmosphere by the reported projects. However, differences in reporting, calculation

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* All tables referred to in the present note are contained in document FCCC/CP/1996/14/Add.1.

methodology, and baseline determination make these numbers purely illustrative; numbers are provided solely for the purpose of indicating the scale of the reported projects, and to highlight the difficulties in determining project and programme effectiveness in the absence of any consistency of calculations and reporting.

16. Project costs were rarely reported in a manner permitting cost comparisons and cost effectiveness determinations. It appears that a number of reported projects were not initiated exclusively as AIJ projects, and do receive other funding in addition to the AIJ funding component of the project, but it was not possible to determine the extent to which this is the case.

III. REPORTING ON AIJ

17. The reporting framework adopted by the SBSTA specifies who should report AIJ activities, the frequency of reporting, and the contents of the reports. In general, reports should contain a full project description, a discussion of arrangements between the two countries involved, a description of the benefits to be derived from the project including supporting calculations, a discussion of emissions and financial additionality, and a discussion of the contributions of the project to capacity building and technology transfer.

18. The designation of official focal points for AIJ information is an important aspect of the decision by the SBSTA to adopt the reporting framework, and an official focal point was designated by each reporting Party. One Party which notified the secretariat of the designation of an official focal point, did not submit a report on AIJ activities or programmes (see annex). The issue of national focal points for the Convention process was taken up in the note verbale dated 8 May 1996 sent to Parties by the Executive Secretary.

19. The secretariat has reviewed the submitted reports in the light of the adopted reporting framework, and a synthesis of the consistency of the reports received with the reporting framework is presented in table 3. The national programmes on AIJ are at different stages of advancement and, given the short time available for reporting, this may have influenced the ability of Parties to report in a manner consistent with the recently adopted framework. Table 3 should be read with this in mind.

20. The reporting framework adopted by the SBSTA is a useful tool which facilitates the analysis and comparison of AIJ projects and programmes; however, these tasks would be greatly simplified by the adoption of a uniform reporting format within the reporting framework. One Party submitted its report in a format which exactly paralleled that of the adopted reporting framework. This approach not only serves to simplify the task of analysis, but can also serve as a checklist for the reporting Party to ensure that all items in the adopted reporting framework are covered in the report. With this exception, there was a great variety of reporting formats, which complicated the comparability of information used in the preparation of this report. For this reason the SBSTA may wish to consider adopting a

reporting format as a complement to the adopted reporting framework. Parties could be invited to submit proposals in that regard or alternatively a technical meeting could be convened to draft a proposed reporting format.

21. Three reporting Parties submitted calculations supporting their estimates of benefits derived from the AIJ projects. Two Parties submitted calculations, assumptions, and calculation methodology for every reported project, which greatly enhances the transparency of their reports, as any third party can independently verify the emission reductions and carbon sequestration claimed. Emissions additionality often remained unclear, especially in cases where AIJ was only a portion of an existing or already planned project.

V. INFORMATION ON AIJ PROGRAMMES

A. AIJ project criteria

22. In reviewing the information submitted on national programmes, it was clear that all reporting Parties had endeavoured to meet the criteria defined in decision 5/CP.1 to some extent. All of the reporting Parties have made reference to these criteria. However, the extent of the reference ranges from the inclusion of some of them to the verbatim incorporation of nearly all of them. Project approval criteria are reported in table 4, which is divided into a comparison of the relationship between the criteria defined by the COP and the corresponding criteria reported by Parties, and a section on additional project approval criteria developed by the reporting Parties for their national AIJ programmes.

23. As table 4 indicates, the criteria defined by the COP have been generally adhered to in the development of AIJ project criteria. However, two criteria, those of emissions additionality and cost-effectiveness, have been much less explicitly adopted. (Furthermore, there is an issue about how to account for financial additionality in cases where a project receives a portion of its funding through the Global Environment Facility or regular official development assistance):

(a) One reporting Party has as an explicit criterion a statement that emissions reductions and carbon sequestration must be additional to those that would have occurred in the absence of the AIJ project. The other reporting Parties have not indicated that emissions additionality is a strict criterion in their programmes. This fact is reflected in project reports, where emissions additionality is often difficult to determine;

(b) Two Parties mentioned cost-effectiveness in relation to project criteria, and only one Party provided sufficient information for the cost-effectiveness of projects to be determined. In addition, where projects were funded by the private sector, no information was provided on profits or tax benefits accruing to the sponsoring company as a result of investment in the project, nor does decision 5/CP.1 provide guidance on how these factors should be considered. Furthermore, the decision envisages the cost-effectiveness of AIJ as a

whole, without requiring that individual projects be cost-effective in reducing greenhouse gas emissions. Further consideration of this criterion is necessary to ensure that this aspect of decision 5/CP.1 is being implemented.

B. AIJ programme features

24. In addition to the approval criteria for specific projects, all reporting Parties described their AIJ programmes, which are in various stages of development. Programme elements which are intended to guide the direction of AIJ in these reporting country Parties are presented in table 5.

V. PROPOSED WORK PLAN

25. In adopting an initial reporting framework for AIJ, the SBSTA held open the prospect of making future improvements to the reporting framework, as well as of considering methodological issues. As this progress report has revealed, there are a number of issues arising from the Parties' approach to decision 5/CP.1, and from experience gathered in the process of reporting for the first time under the newly adopted reporting framework, which would benefit from further attention from the subsidiary bodies. In addition, one Party suggested that this report contain a draft work plan on methodological issues to be examined by the SBSTA during the coming year. The SBSTA may want to consider adopting a systematic approach to the resolution of these issues, such as the work plan proposed below.

Time-frame

26. Decision 5/CP.1 also states that the COP shall take into consideration the need for a comprehensive review of the pilot phase in order to take a conclusive decision on the pilot phase and progression beyond that, no later than the end of the present decade. Given this time-frame of approximately three years to resolve all of the issues identified above, as well as for consideration of other issues and arrangements as they arise, an expeditious schedule of work is necessary in order to ensure that the Conference at its fifth session will have readily available all of the information it needs to make a decision regarding progression beyond the pilot phase at that time.

Workshops on methodological issues

27. A number of important issues have arisen during the preparation of this progress report, which the SBSTA may wish to consider. Methodological issues such as the development of agreed-upon calculations for both emission reductions and sequestration projects, a uniform approach to baseline determinations, the assessment of emissions additionality and financial additionality, cost-effectiveness determinations, project assessment procedures and reporting transparency are critical to the success of the pilot phase of AIJ. In

addition, the SBSTA may wish to consider developing an approach to the facilitation of AIJ project and programme information sharing.

28. With regard to methodological issues such as those mentioned above, the SBSTA may wish to entrust the secretariat with the task of convening of expert workshops. Such workshops could consider, as concrete examples, submissions already made to the SBSTA for the preparation of this progress report, or could invite additional submissions from Parties. Such a workshop process could also take up the issue of minimal institutional arrangements needed for progressing beyond the pilot phase of AIJ. Such workshops would bring together a representative mix of experts, with specialized expertise in the issues on the work programme. Should a roster of experts be established by the SBSTA, it could be drawn upon for this purpose. Meetings would be scheduled so as to complete the work programme before the fifth session of the Conference of the Parties.

Information, storage and dissemination

29. In order to deal with the collection, storage and dissemination of information regarding AIJ during the pilot phase, the secretariat intends to integrate, to the extent feasible, information reported on AIJ into the CC:INFO database. Progress on this aspect would be reported to the SBSTA at its fourth session in December 1996.

30. In addition, through the process of reviewing the national communications and the AIJ reports, the secretariat has become aware of Parties wishing to host AIJ projects that have not yet been able to find sponsors for these projects. The secretariat intends to include in the CC:INFO database such information about host country Parties with projects lacking sponsorship.

Compilation report

31. In order to provide an ongoing update of information related to AIJ, the secretariat could prepare a compilation report for each of the subsidiary bodies' regularly scheduled meetings, in addition to the annual progress report to be prepared for meetings of the COP. These compilation reports could reflect in concise form information submitted by the Parties related to ongoing or potential projects and available resources, a bibliography of current printed material on AIJ, and a directory of electronic sites containing information on AIJ. Such an interim report would have the advantage of being available to all interested parties, and would facilitate the exchange of information on AIJ among Parties and other participants in the intergovernmental process during the pilot phase.

AIJ forum

32. With regard to facilitating AIJ project and programme information sharing, an AIJ forum could be convened. This group would provide an opportunity for the designated focal points for AIJ of all Parties participating in, or wishing to participate in, the pilot phase of

AIJ to share views and experience. An AIJ forum could also consider review procedures, project evaluation processes and other aspects of programme design and matters related to reporting and information sharing. Such a body could, for instance, meet once or twice annually for up to two days in conjunction with regularly scheduled subsidiary body meetings.

Dissemination of information

33. The SBSTA may also wish to consider issues related to the dissemination of information on AIJ received by the secretariat. Clarification could be provided as to (1) whether all information on AIJ received by the secretariat should be considered to be public information, or whether any project information may be considered to be confidential; and (2) whether, in addition to synthesis reports, there is a need to disseminate information received on projects and programmes in the form in which it is submitted, bearing in mind the potential cost of such a process. If requested, the secretariat could study cost-effective approaches to such dissemination and report its findings to Parties.

Timing of next reports

34. According to the initial framework, reports on AIJ may be submitted by Parties at any time. In order for a report to be taken into account in the synthesis to be prepared for COP 3 it will need to be submitted by a date to be announced at the fourth session of the SBSTA in December 1996.

Costs

35. Implementing the above work plan will involve costs for the secretariat. The core budget provides for staff resources that could initiate the implementation of such activities. Supplementary funding would be needed to meet other implementation costs. Initial interest has been indicated by individual Parties in providing support for the implementation of methodological workshops such as those mentioned in paragraph 28 above. The integration of AIJ information into CC:INFO will require additional supplementary funds. The cost of convening an AIJ forum of the kind mentioned in paragraph 32 above would depend on whether it could meet during sessions of subsidiary bodies and on language requirements and any other conference servicing costs. Depending on the interest expressed by the subsidiary bodies in the various elements of the work programme, the secretariat will prepare proposals for supplementary funding.

Annex

NATIONAL CONTACT INFORMATION

The following contact points on activities implemented jointly have been designated by Parties.

Australia:

Australia's National Program on AIJ

Australian AIJ
c/o Mr Paul Tighe
Assistant Secretary
International Competitiveness Branch
Department of Foreign Affairs and Trade
Parkes ACT 2600 Australia

Canada:

Canadian Joint Implementation Initiative(CJII)

Mrs. Anne Boucher
Natural Resources Canada
CJII office, 19th floor
580 Booth St.
Ottawa, Ontario, K1A 0E4 Canada
Tel: (613) 996-2921
Fax: (613) 947-6799
e-mail: anne.boucher@es.nrcan.gc.ca (internet).

Germany:

Joint Implementation Coordination Office

The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
Joint Implementation Coordination Office
Postfach 120629
53048 Bonn, Germany

Netherlands:

The Netherlands' Pilot Phase Program on Joint Implementation

Mr. Henk Merkus
Ministry of Housing, Spatial Planning and Environment
Directorate General for Environmental Protection
Directorate Air and Energy IPC/640
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P.O. Box 30945.
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Fax: (31-70) 339-1310
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Norway:

National Pilot Phase Programme

Ministry of Foreign Affairs
Department of Natural Resources and Environmental Affairs
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Addendum*

TABLES

Table 1. AIJ by country partners

Country partners	Australia	Germany	Netherlands	Norway	United States
Belize			see footnote[a]		1 implemented forest preservation project
Bhutan			1 planned renewable energy project		
Costa Rica					4 planned renewable energy projects[b] 1 planned forest restoration project 1 implemented forest restoration project 1 implemented forest preservation project 1 planned afforestation project

(continued overleaf)

* This addendum contains all tables referred to in document FCCC/CP/1996/14.

Table 1. *(continued)*

Country partners	Australia	Germany	Netherlands	Norway	United States
Czech Republic		1 planned fuel switching project	1 implemented forest preservation project		1 planned fuel switching project
Ecuador			1 implemented reforestation project		
Honduras					1 planned renewable energy project 1 implemented renewable energy project
Hungary			1 implemented fuel switching project 1 implemented energy efficiency project		
Indonesia		1 planned renewable energy project			
Jordan		1 energy efficiency project[c]			
Latvia		1 implemented renewable energy project 1 planned energy efficiency project			
Malaysia			1 afforestation project[d]		
Mexico				1 implemented energy efficiency project	
Nicaragua					1 planned renewable energy project
Poland				2 planned fuel switching projects	
Portugal		1 planned renewable energy project			
Russian Federation		1 planned gas power plan[e]	see footnote[f]		1 implemented afforestation project 1 planned fugitive gas capture project
South Pacific region	1 planned energy efficiency project 1 planned renewable energy project				
Uganda			1 afforestation project[g]		

[a] Submission refers to a proposed afforestation project, but no details are provided.
[b] One of these projects was scheduled for implementation in the spring of 1996.
[c] Project description does not indicate whether project is planned or implemented.
[d] Project description does not indicate whether project is planned or implemented.
[e] Unclear from submission whether project involves converting an existing plant or building a new plant.
[f] Submission refers to a project in the Russian Federation, but no details are provided.
[g] Project description does not indicate whether project is planned or implemented.

Table 2. AIJ project summary

Investor/sponsor country	Australia	Germany	Netherlands	Norway	United States
Total number of projects	2	7	6	2	15
Host countries	South Pacific region	Czech Republic, Indonesia, Jordan, Latvia, Portugal, Russian Federation	Bhutan, Czech Republic, Ecuador, Hungary, Uganda	Mexico, Poland	Belize, Costa Rica, Czech Republic, Honduras, Nicaragua, Russian Federation
Project type					
Energy efficiency	1[a]	2 (1[a], 1[c])	1[b]	1[b]	
Fuel switching		2 (1[a], 1[b])	1[b]	1[b,e]	1[a]
Resource exploitation fugitives					1[a]
Renewables	1[a]	3 (2[a], 1[b])	1[a]		7 (6[a] 1[b])
Afforestation			2[b]		2 (1[a] 1[b])
Reforestation/restoration/ preservation			1[b]		4 (1[a] 3[b])
Gases concerned	CO_2	CO_2	CO_2, precursors	CO_2, precursors	CO_2, CH_4, precursors

[a] Project is in the planning stage.
[b] Project is in the implementation stage.
[c] Project description does not clarify whether project is planned or implemented.
[d] Not clear from submission whether this project converts an existing plant to natural gas, or is building a new plant.
[e] One project implemented at two separate sites.

Table 3. Consistency of reports with reporting framework[a]

Reporting criterion	Australia	Canada	Germany	Netherlands[b]	Norway	United States
Report received from host country, or joint report received	no	no projects reported	no	joint report received with Hungary, draft reports submitted to host governments for prior approval[c]	no, but agreement with report received from one host country	no
Type of project reported	yes		yes	yes	yes	yes
Identification of all actors involved	no		limited information	yes	yes	yes
Institutional arrangements described	no		no	limited	yes	yes
Actual costs described	no		no	partial	extensively	yes - but not verified by reporting Party
Technical data provided	minimal		basic	extensive	extensive	extensive
Long-term project viability discussed	no		no	yes	economic viability discussed, emissions longevity not discussed	yes
Project location reported	on regional, not country, level		yes	yes	yes	yes
Project lifetime reported	no		no	yes	not for all projects	yes
Mutually agreed upon project assessment procedures discussed	no		no	no	yes	yes
Governmental acceptance, approval, or endorsement of project reported	no		no	yes	yes	yes
Discussion of consistency with development, socio-economic, environmental priorities	no		no	yes	yes	yes
Benefits derived from project discussed including emissions reduction additionality	minimal		limited	extensive	extensive	extensive
Calculation of contribution of project provided	no		total reduction estimate only	methods and calculations provided in detail	methods and calculations provided in detail	methods and calculations provided in detail
Financial additionality of projects discussed	no		no	yes	yes	yes
Contribution of projects to capacity building and technology transfer discussed	no		no	yes	yes	yes

[a] The AIJ programmes of Australia, Canada and Germany are in early development stages, which, in the short time available, may have impaired their ability to report in a manner fully consistent with the reporting framework.

[b] A portion of the Netherlands' report was prepared before the adoption of the reporting framework and has not yet been updated.

[c] Letters of support for report received by Netherlands Government from Costa Rica, Ecuador and Uganda.

Table 4. Project criteria comparison

Project criterion	Australia	Canada	Germany	Netherlands	Norway[a]	United States
Berlin decision criteria:						
AIJ should bring about real, measurable and long-term environmental benefits related to the mitigation of climate change that would not have occurred in the absence of such activities	project should involve specific measures to reduce net GHGs initiated as a result of AIJ	activities must result in measurable reductions of net GHG emissions	AIJ must result in actual, measurable and lasting environmental benefits related to the reduction of climate change	minimum annual sequestration requirements for forests	project reports deal with the real, measurable nature of benefits, as well as additionality, long-term benefits are not clearly evaluated	yes
Financing of AIJ shall be additional to financial obligations of Annex II Parties within the framework of the financial mechanism and regular ODA flows	must be additional to ODA and other sources under UNFCCC	activities should be financed outside existing ODA	in addition to commitments within FCCC framework and to current public developmental assistance	additional to GEF as well as current ODA	project reports deal with additionality, AIJ funding is an incremental portion of otherwise funded projects	must be additional to: GEF, multilateral development bank, ODA, or in excess of U.S. federal funding level in 1993
AIJ should contribute to cost-effectiveness in achieving global benefits				yes, for forestry projects		encourage the development of cost-effective projects
AIJ should be compatible with and supportive of national environment and development priorities and strategies	host country Government must accept project as consistent with national priorities		must be reconcilable with relevant national environmental and developmental policy priorities	must be compatible with and supportive of national environment and development priorities	discussed for each reported project	should support development goals of host country
AIJ require prior acceptance, endorsement, or approval by the Governments of the Parties participating in these activities	yes	yes	yes	yes	obtained and discussed for each reported project	yes
No credits shall accrue to any Party as a result of greenhouse gases reduced or sequestered during the pilot phase		no emission reduction credits can be claimed by the country of an investing entity against its domestic stabilization commitment to the year 2000	during the pilot phase, parties are not permitted to credit emissions reductions achieved	will not use AIJ for its present commitments under the FCCC	there are no credits to be accrued during the pilot phase	----

(continued overleaf)

Table 4. *(continued)*

Project criterion	Australia	Canada	Germany	Netherlands	Norway	United States
Additional criteria added by Parties:						
Project was initiated specifically for AIJ purposes	project should involve specific measures initiated as a result of AIJ			projects should be economically sound and would not have been set up without additional AIJ funding	the scope of the project must be enlarged due to AIJ investments	technology or practice must not have been introduced in the region without AIJ, or else only incremental reductions are counted
Project contract required for private sector projects				yes		
Emission reductions are required to be verifiable, including baseline calculations	yes	measurable reductions required	actual and measurable benefits required	yes	extensive discussion for each reported project	verification plan and independent third party replicability required
Emissions monitoring programme required	a high degree of transparency should exist			yes	detailed programme for each reported project	monitoring plan required
Emission reductions are required to be sustainable			lasting benefits required	yes		yes
Periodic reassessment of emission reduction estimates	explicit requirement			addressed through monitoring programme	addressed through monitoring programme	explicit requirement
Analysis of other environmental impacts required	need to account for impacts			projects should lead to clear beneficial local environmental impacts	analysis provided for each reported project	impacts should be identified
Analysis of social impacts required	need to account for impacts			project must contribute to the socio-economic position of the local population		impacts are considered
Project must be consistent with sustainable development principles	yes			projects require sustainable forestry and energy policies		
Project should include a training component in host country				yes		
Regular reporting required			reporting required, no interval specified	periodically, annual AIJ report to the Parliament	included in project evaluation plans	annually

[a] Norway's report did not identify general project criteria; the information presented is derived from the criteria actually applied to the reported projects.

Table 5. National programme features

Programme element	Australia	Canada	Germany	Netherlands	Norway	United States
Process for registration and certification of AIJ projects		voluntary registration process		registration process, and companies may use certified reductions as part of future agreements with government, as well as tax incentives	no private sector projects	groundrules and criteria for AIJ promulgated, no emission reduction certification in prospect
Formal Government support for AIJ		government takes on the role of facilitator and promoter of the concept of AIJ		special budget of US$48,988,800 between 1996-1999 for AIJ in Central and Eastern Europe and developing countries	1995 report to Parliament concludes that AIJ will be given priority as an important supplement to domestic measures	a key feature is the use of a voluntary, market-based approach to facilitate partnerships
Government entities involved	Bureau of Industry Economics	interdepartmental steering committee of federal departments, Canadian Joint Implementation Initiative Office	Ministry of Environment, CO2 Reduction Interministerial Working Group, Joint Implementation Coordinating Office	Cabinet, Ministries of Environment, Economic Affairs, Foreign Affairs	Ministry of Foreign Affairs, Department of Natural Resources and Environmental Affairs	Environment Protection Agency, Agency for International Development, Departments of Agriculture, Commerce, Energy, Interior, State, Treasury
Emphasis on reduction technologies	energy efficiency and the use of renewables		enhancing energy efficiency in supply, demand, and production, exploiting potential of renewable energy	strive for a broad range of projects, including geographic distribution, types of technology, and different GHGs	promote a broad range of projects with a view to maximum learning value	promote a broad range of projects
Emphasis on sink creation			yes, but main focus should be on reduction measures	several projects to date are in this sector	promote a broad range of projects	promote a broad range of projects
Dual accounting system to keep AIJ reductions separate from domestic reductions				separate reporting to parliament on AIJ and domestic reductions		

(continued overleaf)

Table 5. *(continued)*

Programme element	Australia	Canada	Germany	Netherlands	Norway	United States
Role of private sector		broad participation by private sector encouraged as a complement to domestic actions	discussions between Government and all industrial sectors to initiate AIJ projects	private sector invited into pilot phase, programme includes incentives to encourage private sector participation	private sector involvement may provide further resources, experience, and enlarge leverage effect of AIJ	private sector investment and innovation encouraged
Outreach efforts	newspaper advertisement soliciting project proposals	Climate Change Voluntary Challenge and Registry Program, workshops	descriptive brochure	Joint Implementation Quarterly, funding conferences and workshops, set up JI Service Centre	workshops with potential host countries, sponsoring conferences	bilateral and multilateral statements of intent on AIJ, sponsoring workshops, conferences, fax information service, International Partnerships Report newsletter, JI online website
Development of JI protocol suggested				yes		
Credits proposed after 2000 for projects begun during pilot phase		yes		yes		
Programme linked explicitly to AGBM process				in favour of using JI for realizing future commitments		

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